



Community Bankers Association of Ohio

Increasing the Value of Independent Financial Institutions Since 1974

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Done
(Joe Hull)

8800 Lyra Drive • Suite 570 • Columbus, Ohio 43240 • (614) 846-8124 • Ohio Toll Free 800-843-2226 (THE-CBAO)

June 21, 2006

Mr. John F. Carter
Regional Director
FDIC - San Francisco Regional Office
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

Re: Initial Comments and Request for Public Hearings Regarding FDIC
Change in Bank Control Notice Filed By The Home Depot, Inc., In
Connection With Its Intent To Acquire EnerBank USA.

Dear Mr. Carter:

The Community Bankers Association of Ohio (CBAO) exclusively represents Community Banks and Thrifts in Ohio who serve their communities through 1,450 locations and 18,000 employees, with more than \$61 Billion in assets, \$46 Billion in insured deposits and over \$44 Billion in net loans.

The CBAO submits this letter in opposition to the proposed acquisition by The Home Depot, Inc. (Home Depot) of EnerBank USA (EnerBank), an industrial loan corporation headquartered in Salt Lake City, Utah. We also urge the FDIC to extend the formal comment period and hold public hearings so that a broad cross section of the public's views can be heard.

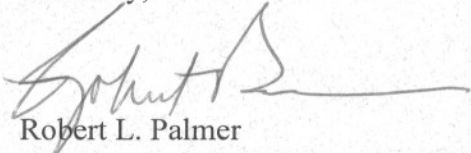
Our opposition is based on the following principles:

1. Permitting Home Depot to acquire an industrial bank would violate longstanding U.S. policy, most recently affirmed in the Gramm-Leach-Bliley Act of 1999, of maintaining the separation of banking and commerce.
2. Permitting Home Depot to acquire an industrial bank could pose severe risks to the Deposit Insurance Fund and to the banking system itself, and raise serious safety and soundness concerns because it would operate outside the consolidated supervisory framework Congress established for owners of insured banks.

3. Permitting Home Depot to acquire an industrial bank would create competitive imbalances in the banking world and have a damaging effect on local financial institutions, their communities and customers.
4. Home Depot's business plan for the industrial bank raises conflicts of interest and serious affiliate transaction issues under Section 23A of the Federal Reserve Act² and Federal Reserve Regulation W.
5. Permitting Home Depot to acquire an industrial bank raises serious concerns with respect to the company's governance and executive management.
6. The structure of the proposed arrangements between Home Depot and its contractor/customers virtually guarantees that there will be conflicts of interest. Home improvement customers could be the losers, paying more for credit and for their building supplies. Moreover, the arrangement is premised on illegal and improper affiliate arrangements. The proceeds of the loans made by EnerBank that will be transferred to Home Depot or used for the company's benefit will likely exceed the 10 percent-of-capital limitation on affiliate transactions.
7. This combination could also pose an unfair threat to local lenders that lack a direct tie to a commercial parent. Local banks could lose business currently being provided by local contractors.
8. Although many aspects of Home Depot's business plan are unclear because of the limited information available in the public section of the application, the general design of the plan runs counter to long-established U.S. policies.
9. Finally, the Home Depot application, piled on top of the Wal-Mart application and other ILC charters, raises fundamental concerns about the direction of the nation's financial system.
10. We believe Congress should decide whether a single state should have the authority to grant a bank charter to any company in any line of business for whatever purpose their marketing department can envision. The potential explosion of the Utah ILC charter has clearly put the nation's financial structure and the health of the newly reformed deposit insurance system at risk.

We urge you to deny the application as there is no clear public policy reason or social benefit to be served by permitting Home Depot to acquire control of EnerBank at this time.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert L. Palmer", followed by a long horizontal line extending to the right.

Robert L. Palmer
President and Chief Executive Officer

CC: Honorable Martin J. Gruenberg, Acting Chairman FDIC